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SUBJECT: JOINT GOVERNANCE ASSESSMENT UNDERWAY

Classified By: Ambassador Michael R. Arietti, reason 1.4 (B/D)

**¶1.** (C) Summary. A team of independent researchers has completed a first draft of a Joint Governance Assessment (JGA), an effort directly jointly by the Government of Rwanda and development partners (and funded by the World Bank). The Assessment analyzed three areas of concern, Ruling Justly, Government Effectiveness, and Investment Climate/Corporate Governance. Extensive indicators are planned for each area of concern. The draft raised many sensitive questions regarding political rights, civil liberties, national reconciliation, and the business climate in Rwanda. In general, Government of Rwanda (GOR) officials agreed that the report raised appropriate issues relevant to assessing the state of governance in Rwanda. While questioning how the report assessed certain factors in Rwanda's history and current conditions, the GOR emphasized the need to focus the report on the way forward. It did not object to the goal of setting clear indicators against which to judge Rwanda's performance. The GOR and its development partners will now provide further comments to the report drafters, with the goal of reaching a final text by the end of April. End summary.

**¶2.** (U) On March 14, a team of largely British researchers from the Policy Practice presented a first draft of a Rwanda Joint Governance Assessment (JGA) to assembled senior Rwandan officials and donor representatives. The team has been in Rwanda for the past seven weeks, under the joint direction of the GOR and donor governments, with a steering committee headed by the World Bank Representative Victoria Kwakwa and Local Government Minister Protais Musoni. The assessment document noted that, while several donor governments require explicit linkages between disbursement levels and measurable improvements in governance indicators (the Millennium Challenge Corporation and the European Commission specifically mentioned), these efforts were frequently "duplicative and uncoordinated." The JGA would, the authors hoped, "bring about a more harmonized approach based on a common set of indicators and benchmarks." While not replacing individual donor assessments, it would "improve coordination" through an "agreed monitoring framework."

**¶3.** (C) In opening comments, donor representatives found the draft to be balanced, appropriate, and a positive contribution to Rwanda's governance needs. Rwandan officials responded that they too found the report balanced and a good draft to work from, but also raised a series of objections to many of the more pointed assessments found in the draft document, and to various factual explications of Rwanda's history and society. Officials (including Finance Minister

James Musoni, Protails Musoni, Ombudsman Tito Rutaremara, and Great Lakes Envoy Ambassador Richard Sezibera) objected, for example, to the characterization of Rwanda's pre-colonial history as one marked by "centralized political authority and feudal-like relations." They found fault with a statement that "recent history" had created various divisions, including "exiles and returnees, genocide survivors and perpetrators, anglophone and francophone speakers." GOR officials rejected the report's description of a "rural-urban" divide between the capital city of Kigali and a "rural-urban" divide between the capital city of Kigali and a poverty-stricken countryside, did not accept the notion that "Anglophone influence" had increased in the country post-genocide, and found fault with the idea that political party activity (as opposed to party structures) had formerly been restricted at local levels. (Note: a June, 2007 statute gave parties for the first time the right to organize at local levels).

¶4. (C) GOR officials also objected to a description of the 2003 elections as "marred by irregularities," and did not agree that the ruling RPF had enjoyed an advantage in access to state media during the election campaign. A description of local holding company Tristar as "30 percent owned by the RPF," and providing the party a "healthy revenue stream" through investments in various sectors, particularly MTN Rwandacell, drew a lengthy intervention from James Musoni, who argued that there is nothing fundamentally unacceptable with a political party investing in a private company so long as there were appropriate procedures to ensure transparency and accountability. Musoni did not contest the point that political party investments in the Rwandan economy could create significant conflicts of interest. (Note: some business interests are associated with other parties -- for example, SORAS Insurance, the nation's second-largest insurer, is regarded by some as associated with the PSD).

¶5. (C) Ambassador Arietti responded by counseling GOR officials not to "toss out obvious factors that everyone talks about." The report needed to be credible and acceptable to the international community for it to be of any value, he added. Several other donor representatives chimed in with similar suggestions that the GOR work with the authors and the donor community to find acceptable language. The head of DFID and representatives of several other development agencies focused on the draft indicators, arguing that the JGA would be of real assistance to Rwanda chiefly through well-crafted indicators measuring positive change in concrete ways. The JGA authors were then tasked with providing a second draft by the end of March, with continuing work on the indicators to be conducted over the next several weeks.

¶6. (C) Comment. An objective and balanced governance assessment, authored by an independent research group, but jointly "steered" by the GOR and donors, is a tall order to pull off -- the GOR strongly contests many external descriptions of Rwandan society and its political system. But so far the GOR has not contested the need to address many key issues of governance and seems prepared to agree to calls for change and improvement. The JGA process has put on the table many important governance issues. Key to an ultimately successful process will be a willingness on the part of the GOR to see real criticisms matched with solid indicators aimed at serious problems. End comment.

ARIETTI